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Mid-Term Evaluation
Niger Credit Union Development Project

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with the
World Council of Credit Unions (WOCCU)

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List of Acronyms and Project Terms

agent de promotion	field agent
arrêté	legal document providing WOCCU project interim legal status
arrondissement	local government jurisdiction, below département
asusu	Hausa word of Arabic origin meaning bank, caisse
ACCOSCA	African Confederation of Cooperative Savings & Credit Associations
BEPC	Brevet d'Etudes du Premier Cycle (10th grade general diploma)
BEP/Comptable	Brevet d'Etudes Professionelles (Accounting vocational high school diploma)
BDRN	Banque de Développement de la République du Niger
CAP/Aide Comptable	Certificat d'Aptitude Professionelle (10th grade level bookkeeping vocational diploma)
CNCA	Caisse nationale de crédit agricole
CNE	Caisse nationale d'épargne
CUNA	Credit Union National Association
CPEC	Caisse populaire d'épargne de et crédit
caisse populaire	credit union
département	regional government jurisdication (e.g. Zinder)
FCFA	(Franc de la Communauté Financière Africaine) Official currency of most francophone countries in West and Central Africa
FUCEC	Fédération des unions coopératives d'épargne et de crédit (WOCCU affiliate organization in Togo)
GON	Government of Niger
naira	official currency of Nigeria
OSU	Ohio State University
personne morale	French legal term indicating a business entity
personne physique	French legal term referring to an individual

SGA	Secrétaire général adjoint
SAP	Service d'arrondissement du Plan
WOCCU	World Council of Credit Unions

I. Executive Summary

This report represents the findings and recommendations of an internal mid-term evaluation of the Credit Union Development Project in Niger. It took place at the end of the second year of implementation of a three-year project. The evaluation team consisted of four persons: the Project Manager from the home office of the World Council of Credit Unions (WOCCU), and representatives from the Nigerien Ministry of Finance, the USAID/Niamey mission, and a private consultant. Field interviews were conducted in the project region of Zinder Department during the week of May 12 to 18, 1991. The evaluation team spent two days visiting the five credit unions, four in the arrondissement of Magaria and one in Matamaye. At each site the team spent an hour and a half to two hours, interviewing credit union members, usually between 20 and 70 persons.

The cooperative agreement between USAID and WOCCU for this Phase I "pilot" project was signed on November 25, 1988 by USAID and in January, 1989 by WOCCU, and provided a grant totaling $1,900,000 for a three-year period. However, the effective date of the agreement was November 1, 1988, and the expiration date September 30, 1991. The World Council of Credit Unions (and its U.S. affiliate, Credit Union National Association [CUNA]) is a cooperative development organization. The project title in French is Projet de Promotion des Caisses Populaires d'Epargne et de Credit. The term credit union is generally translated into French as "caisse populaire." The purpose of the project is to organize village-level member-owned and operated credit unions.

The WOCCU project is financed under USAID/Niamey's Agriculture Sector Development Grant (ASDG I), which began in 1984 and ends in March 1992. If USAID/Niamey approves the recent WOCCU request, the credit union project termination date will be extended to March 1992 as well. In addition to funding, ASDG has provided an important policy reform element concerning the environment in which cooperatives and credit unions operate. In order to promote the organization of credit unions, ASDG requires that the Government of Niger meet certain policy conditionalities having to do with their legal recognition. The Credit Union Development Project is one of three major credit initiatives presently experimenting with models for building local institutions to deliver credit under the ASDG.

The evaluation team found that the Credit Union Development project has made a good start in identifying a process for establishing a credit union movement in spite of numerous obstacles. The project is behind in achieving several of the outputs anticipated in the design document. Some of the reasons have to do with the distance of the project site from Niamey and great logistical and technical difficulties encountered in trying

and the project office in Zinder and even in Niamey. These difficulties were particularly severe during the July 1 - December 31, 1990 period. Others are due to the amount of time and effort necessary to recruit qualified Nigerien staff and train them in credit union principles and methods. Nevertheless, the project has succeeded, with the assistance of the regional literacy program and the benevolent attitude of regional government authorities, in relating to the local culture and identifying appropriate recruitment and training approaches. Important social and cultural factors affecting project implementation are examined in some detail in the appendices. A critical factor in determining the future of the credit union movement will be the elaboration of legal texts providing for the internal operations of credit unions and the eventual passage of legislation giving them official status.

II. Descriptive Summary of Project

1. Project Design

The following are the most important steps in the design of the project:

1985 - The Government of Niger asked USAID/Niamey to assist in examining the rural financial sector.

1986 - USAID requested that Ohio State University conduct the survey.

1986 - A donor agency Round Table held in late 1986 had recommended the establishment of an agricultural credit system in Niger. The Government of Niger responded by creating a commission to study the recommendations.

1987 - Based on the findings of the survey, OSU submitted a report entitled **Rural Finance in Niger: A Critical Appraisal and Recommendations for Change** in February, 1987. The OSU study described the Nigerien rural financial situation in considerable detail and the problems in the sector that needed to be addressed. Informal finance, the study found, plays a role far more important than institutional financial services in rural areas. Indicators of a potential for savings mobilization were pointed out in the OSU study, findings later confirmed by Norbert LePage during the preparation of the WOCCU grant proposal. In both Cameroon and Togo, the existence of a tradition of rotating savings clubs ("njangis" or "tontines") which are based on group solidarity and practice disciplines, regular savings contributed to the promotion of credit unions. On at least one occasion, a large "tontine" in Togo was actually converted into a credit union. The existence of such groups and of "money-keepers" was

large "tontine" in Togo was actually converted into a credit union. The existence of such groups and of "money-keepers" was cited as evidence of a strong demand for deposit services in the villages. The OSU study further concluded that there was excess liquidity in some rural areas. Systematic savings was a notion that most Nigeriens were familiar with, and the practice of entrusting savings to a third party was quite common. The OSU final report not only proposed the creation of a credit union movement in Niger, it proposed a three-year plan of action for credit union development and that the World Council of Credit Unions was the appropriate institution to call upon. WOCCU, the international trade association of credit unions, has, as one of its principal functions, the responsibility for promoting the expansion of credit unions and insuring that developing credit union movements benefit from the accumulated experience of over a century of credit unions around the world. Acting on behalf of its American affiliate member, the Credit Union National Association (CUNA), WOCCU serves as USAID's source of expertise and information on credit unions, and has successfully executed a great many grants for credit union development, studies, etc. financed by USAID in all parts of the world.

1987 - Another study, conducted by the Société de Développement International Desjardins (SDID), the development consulting firm associated with the Desjardins Movement of Québec, Canada, provided a critical assessment of the system of cooperatives in Niger. The SDID report of May 1987 noted that cooperatives in Niger were a creation of the state, in which villagers were obliged to participate. Because of the coercive nature of the system, the term cooperative had thus taken on a negative connotation. For this reason it was deemed wise not to use the term cooperative in forming credit unions in order to avoid the stigma attached to the existing cooperative system. As a follow-up to Women in Development activities it was already conducting in the Dogondoutchi area, SDID recommended that credit unions be started there. This has not yet been done due to lack of funds from CIDA.

1987 - In mid-year, USAID invited WOCCU project manager Dean Mahon to Niger for two weeks to discuss the possibility of a pilot credit union activity with USAID and GON. Mahon wrote a preliminary activity design and budget, whose basic elements remained essentially unchanged through the remainder of the design and proposal process. His report presented several important conditions precedent to which the GON would have to concur in order for credit union development to take place: the GON must refrain from applying both bank and cooperatives law to credit unions; refrain from interfering in the internal management of credit unions or credit union associations; agree to adopt temporary legislation permitting credit unions to be registered as legal entities; and agree to undertake jointly with WOCCU the drafting and eventual adoption of a modern credit union

law. Following up on OSU's "plan of action," the report further suggested that a WOCCU advisor and Nigerien staff undertake to promote the creation of fifteen credit unions with 2250 members and approximately $15,000 in savings during a three-year pilot activity in a zone far from the capital city in either Maradi or Zinder. Mahon recommended that key GON officials visit the credit union movements in Cameroon and Togo, where WOCCU and USAID were already working in partnership to assist the credit union movements.

1987 - The GON study commission on rural credit sent representatives on a study tour to Togo and Cameroon in August 1987. There they visited the offices of the national credit union associations and observed the operations of member savings and credit cooperatives (credit unions). The commission subsequently recommended the formation of credit unions in Niger and asked for USAID/Niamey's assistance in doing so.

1987-1988 - In late 1987, the World Council of Credit Unions (WOCCU) engaged the services of Norbert LePage as a consultant to conduct a feasibility study for a pilot credit union project in Niger. Under the supervision of Kelly Morris of the WOCCU-Madison office, LePage conducted a field survey in Niger from November 1987 to January 1988 financed by USAID/Niger. His conclusions and recommendations confirmed Mahon's design and were incorporated into a joint proposal by WOCCU - through its U.S. affiliate CUNA (Credit Union National Association) - and ACCOSCA (African Confederation of Cooperative Savings & Credit Associations) to initiate a credit union system in Niger with USAID/Niamey financial assistance. The WOCCU grant proposal, which became the basic design document for the implementation of the project, drew heavily upon the findings of the Ohio State University study of rural financial markets.

1988 - WOCCU submitted a grant proposal to USAID/Niger for a three-year pilot project. The proposal drew heavily on the OSU, Mahon, and LePage documents. At the time of the WOCCU project proposal in 1988, not only did no credit union movement of any kind exist in Niger, the formal banking structure was in severe difficulty, with the national development bank (BDRN) on the point of collapsing. The CNCA (Caisse national de crédit agricole) was also being liquidated (as recommended by OSU) because of poor loan management procedures. Given the heavy state involvement in the cooperative movement in Niger, the instability of the banking system, and the inappropriateness to credit unions of both banking and agricultural cooperative laws, WOCCU concluded that it would be futile to attempt to promote credit unions in Niger unless the critical conditions precedent outlined in the Mahon report could be met. In addition, it was agreed that the regulatory body for credit unions be located in either the Ministry of Plan or the Ministry of Finance. By the beginning of project implementation, however, only the last of

Project was assigned to the Exterior Finances Department of the Ministry of Finance.

The goal of the Credit Union Development Project, as stated in the WOCCU grant proposal, which constitutes the project design document, is to provide for a system of financial intermediation accessible to rural Niger to meet the savings and credit needs of the population. The purpose was stated as the formation of groups of people into sound, autonomous credit unions in the pilot region which function on a regular basis. The project was expected to accomplish this through the promotion of a system of financial intermediation. By the end of the three-year pilot phase, the expected project outputs were as follows:

- 15 functioning credit unions with trained boards, committees, treasurers, and managers;
- 2,250 credit union members;
- 15,000,000 F/CFA in deposits;
- 8,000,000 F/CFA in loans disbursed;
- a functioning promotion committee.

The WOCCU grant proposal included the outline of a three-year work plan based on the OSU final report. By the end of year one it was expected that five credit unions would have been established, with a total of 500 to 1000 members. Average deposits per member would be 2,000 CFA, and total deposits would amount to 2,000,000 to 3,000,000 CFA. At the end of the second year of operations the above figures in each category would have been doubled. In addition, the credit unions would have disbursed 2,000,000 to 3,000,000 CFA in loans to their members. At the beginning of the third year a Promotion Committee would have been formed by elected representatives of each credit union. Preparations for the transfer of project assets and personnel to the Promotion Committee would have begun.

The WOCCU grant proposal suggested two possible pilot areas: the Maradi and Zinder Departments. The reasons that these two were preferable to the other departments was because of the importance of their informal economic activities and "tontines" (traditional group savings clubs). The proposal listed 48 potential villages for pilot project attention. Site selection was the first order of business for the technical advisor.

2. Project Implementation: June 1989 - May 1991

Although the Cooperative Agreement was received and signed by WOCCU in January of 1989 with an effective date of November 1,

Although the Cooperative Agreement was received and signed by WOCCU in January of 1989 with an effective date of November 1, 1988, the actual project implementation did not effectively begin until June 1989, with the arrival of Thomas Shaw, WOCCU Technical Advisor, in Niamey. Shaw had undergone the first phase of intensive orientation to credit unions and credit union development in the two months preceding his arrival. This included sessions at WOCCU headquarters in Madison, Wisconsin; visits to credit unions, credit union associations, and government regulators in Wisconsin. Visits to WOCCU's projects in Togo and Cameroon (and later Malawi) permitted him to see African credit union movements in action and to be oriented to his various project management responsibilities. The first decision Shaw was faced with was the selection of the region for the pilot phase. His decision was based on two factors as presented in LePage's report: the department which would have the greatest potential for success and the least interference from local authorities and/or existing cooperative institutions in day to day operations. On LePage's recommendation, WOCCU/Madison had determined that the Maradi Region would be selected, but only on the condition that the Region's authorities abandon a "Caisse mutuelle rurale" scheme which had never been implemented and cede to WOCCU several village offices that had been built but never used. Shaw reported that the Maradi Region authorities had not given such assurances, and confirmed that the Zinder region met LePage's criteria. WOCCU/Madison therefore concurred with Shaw's recommendation that Zinder be chosen.

In late June and early July 1989, a joint mission consisting of the technical advisor and representatives from USAID and the Ministry of Finance went to Zinder to meet with local authorities and begin project activities. These contacts were positive, especially with the SGA (Secrétaire Général Adjoint de la prêfecture) and the local planning and literacy services (alphabetisation). A house was located which would become the project office. Meetings were held with the local technical services to seek collaboration in project activities. In the early months of the project, the USAID Mission generously provided logistical support which was invaluable to the start-up process and allowed it to proceed more smoothly than it would have if the planned use of rented vehicles, etc. had been followed. USAID and the Government of Niger agreed to establish conditions that the GON would be required to meet. The GON faithfully and effectively performed its obligations in regard to the implementation of the ASDG policy conditions relating to credit unions. From this point on the project was ready to recruit personnel.

Since no credit unions existed in Niger, the project needed to develop a promotion strategy as well as encourage appropriate credit union legislation. This would then allow the movement to

develop and grow. To do this, several objectives were established:

- o selection of the pilot promotion zone
- o recruitment, selection and training of project personnel
- o development of a credit union promotion strategy
- o preparation of baseline studies in order to select potential credit union groups (caisses populaires)
- o education and training of credit union leaders and members
- o development of appropriate credit union legislation.

In August 1989, the pilot region had been selected. Having established working relations with local authorities, the technical advisor moved toward the next objective: recruitment and selection of project personnel.

Credit Union Development

Shortly after their return to Niger from training in Togo in October 1989, the first group of field agents participated in a two-week credit union promotion and Hausa literacy training session. The objective was to develop a promotion strategy to be used in creating the credit unions (caisses populaires) derived from the collective experience of WOCCU member credit unions elsewhere in Africa and adapted to local conditions. The result of this session was a three-phased, 12-week promotion campaign for potential credit unions. This strategy should be considered a major output of Phase I and will be invaluable in further promotion of credit unions in Niger.

The content of the promotion campaign is as follows:

First meeting: General information about the project is presented to villagers, including the advantages of savings and the disadvantages of hiding money at home, such as fire, termites or theft. This is done by presentation of a short skit followed by a question and answer session. The goal of this meeting is to stimulate interest in learning about what a credit union can do for them. The meeting is followed by a five-day stay by a field agent in each village. At that time individuals and small groups are informed about basic credit union goals.

Second meeting: The focus is on explanation and discussion of the nine credit union operating principles. Posters and written explanations in Hausa on large sheets of paper are used. A five-day stay by a field agent in each village also follows this meeting.

Third meeting: Here the composition, role, and function of

credit union governing bodies and committees are presented. From this point on the field agents visit each village on a regular basis.

In order for a group to be constituted as a credit union it was expected to fulfill the following requirements:

- o a minimum of 50 members
- o each member has contributed a minimum of 2,500 CFA:
  - 1,000 CFA membership fee (non-refundable)
  - 1,000 CFA share (part social)
  - 500 CFA minimum deposit

Four credit unions (caisses populaires) were formed between March and June, 1990, and a fifth the following October.

At the Founding General Meeting, the members adopt the by-laws of the credit union, using a model developed in Togo with WOCCU assistance. The members then elect a board of directors and form several operating committees, a total of 16 persons. The board of directors (conseil d'administration) consists of seven members; the supervisary committee (comité de surveillance), three members; the credit committee, three members; and the education and promotion committee, three members. Each credit union also selects a manager who keeps the books and is to be paid a salary whenever the credit union earns sufficient revenues from its credit activities. These are the persons who are to receive training under the project before the credit union can become fully functioning.

Once a credit union is fully constituted and its elected leaders trained, the next step is to proceed to the establishment of a credit policy for the disbursement of credit. This is also a boiler-plate from WOCCU's experience in Togo. To be able to disperse credit, a credit union must meet the following conditions:

- o the credit committee has received training in the administration of credit according to the credit policy
- o an average individual savings of 5,000 CFA attained
- o a credit policy adopted, including internal rules, eligibility criteria, maximum amounts, duration, interest rate, repayment, and late payment penalties

At the time of the mid-term evaluation, all elected officials of the five credit unions had received training, as described below, and several credit unions were working on adopting a credit policy. However, none had attained a minimum average of 5,000 CFA in individual savings necessary for dispersing credit.

Several problems were encountered in establishing the first credit unions. During the planting season there are fewer

financial resources available making savings during this time problematic. The literacy level and competence of the promotion committee members chosen by the groups were weak. Other limiting factors were time and human resources available for the promotion of credit unions in the villages. None of the field agents had a driver's permit for their motorcycles so all promotion work had to be done with only one project vehicle. This severely limited the amount of time that could be spent in each village.

Education and Training

Project Staff. Because of the difficulties encountered in recruiting qualified personnel, staff training has been given high priority. Although the first training program held in Togo was well run, it did have two weaknesses. First, the cost per person was very high. Second, the national language spoken in the project area (Hausa) is not spoken in the region of Togo where the training took place. Thus, trial training sessions in potential villages were not directly relevant. To avoid these problems and still have a quality training program, it was decided to have the FUCEC-Togo trainers conduct the training in Zinder. A seven-week, three-part training program was developed for October/November 1990. Besides the new agents, all of the first year agents, the accountant, and the field agent supervisor participated in the training. Staff training has focused on developing critical field agent capabilities: adult communication skills, credit union and financial management, promotion and animation techniques. Independent correspondence courses are encouraged to increase skills: currently, two field agents are taking a correspondence accounting course. See Appendix C for a complete listing of courses and staff training completed to date.

Credit Union Members. After the credit unions were formed, training for leaders of the five credit unions was the next order of business. Due to the planting and growing season responsibilities of most credit union members, the best period available for training runs from November to April. The first full cycle of training thus began in December 1990 and ended in March 1991, with four of the five credit unions participating. Hakini dan Hajara (in the village of Kwaya), was not formed until October and thus began training later.

The WOCCU project staff has worked closely with the Department of Literacy personnel to adapt existing literacy service manuals and methods to credit union needs, using FUCEC-Togo materials as well. All the manuals were developed in the predominant local language, Hausa. The final products consist of a teacher's manual (one for men and one for women) and student manuals for men and women. The manual for women included more graphics and different words as appropriate to women's activities.

The training program of elected officials is divided into three general phases:

- o Motivation. The first phase consists of a four to five day introduction to credit unions for the 16 elected leaders of each group on the roles and responsibilities of each leadership position. The training is usually conducted by two WOCCU project field agents and one agent from the literacy (alphabetisation) department. It is given in early December, and covers the principles of credit union operations, management structures and procedures, and introduction to numeracy (basic accounting).

- o Literacy and numeracy (alphabetisation). The second phase consists of 42 days of training in literacy and numeracy, divided into two parts. The first part begins in late December and lasts 21 days, followed by a one week break. The second part lasted for 15 days and ends in early February. To accommodate women's time and domestic constraints, training for the Tarana group consisted of 35 consecutive days of two and a half hours each evening. Some husbands refused to allow their wives to attend the course during the day and only women agents could be used as trainers.

Three levels are used in testing literacy competency: 0-2 = not literate; 3-4 = mid-level; 5-6 = literate. Participants who reach level 5-6 are considered capable of carrying out the required credit union functions. Those who do not reach this level after the initial training are offered various options for retraining. The project considers a literacy level of 5-6 as necessary for six key posts in each credit union: five secretaries (one for each of the five committees) and the credit union manager. Numeracy consists of learning numbers from 1 to 1,000,000 and basic calculation (addition, subtraction, multiplication, and division) needed for keeping the credit union books.

- o Management. Phase three is the technical phase, with the focus on "gestion" or management of credit union documents. It is provided to the same group of participants, and lasts for two weeks beginning in mid-February. The objective of this phase is for trainees to be able to manage the forms and ledgers involved in managing the credit union, such as membership, receipts, minutes of meetings, and accounting of deposits and issuance of credit.

Tests given to each participant during each phase of training allow project staff to determine which members are capable of accomplishing which tasks.

The development of these literacy/numeracy materials for men and women as well as the training process for developing self-sufficient village credit unions are considered major outputs of this pilot phase. Continued evaluation of the materials and training strategy are needed in order to assure that required competencies are achieved.

- Nature of skills training provided beneficiaries

Training was provided in motivation, literacy, numeracy, and credit union management. All of the training programs were developed and conducted in Hausa, which involved considerable time and effort. Without a woman field agent to train women leaders initially, training of the Tarana credit union leadership was not feasible. As many as a third of their leaders are cloistered (according to a Muslim tradition, only allowed to leave home in the evening). This problem was not resolved until a woman field agent was hired in October 1990, and even then the tradition is so strong that it is a handicap to organizational efforts. One of the most notable successes of the project to date, however, was the visit in April 1991 of two Tarana group women to Senegal to observe the operations of women in credit unions there. This trip served as a catalyst in raising the consciousness of the entire group.

Baseline Data Survey

While the project was still in the design stage, it was suggested by USAID that WOCCU and UM cooperate to collect baseline data as an alternative to the proposed sub-contract. When this did not materialize, WOCCU resorted to initiating the activity with their advisor working with the Ministry of Plan. They started that work in 1989 but experienced difficulties. After various attempts were made to engage the services of Ohio State University's Carlos Cuevas to assist with the Baseline Data Survey (BDS), WOCCU was finally successful in bringing Dr. Cuevas to Niger in early 1991.

The WOCCU grant proposal identified 48 villages that had been surveyed during the design process, none of which were retained in the selection process for the pilot project. The list of villages was drawn from the Maradi and Zinder Departments and was rank-ordered in terms of priority. It was assumed that the project would establish its headquarters in a provincial (departmental) capital and that target villages would be reasonably close and accessible to the city. The sites would form a logical circuit which could be travelled with economy of time and resources.

Once the promotion strategy had been prepared, the list of potential villages was reviewed. To identify locations for credit union groups, five criteria were employed:

- total village population must be at least 1500, but less than 5000;
- the village must have a weekly market or be within 5 kms of a market;
- the village must have other economic activities besides rain-fed agriculture (e.g, off-season gardening, animal production, cash crops, small trading);
- social cohesiveness: the population must be able to work well together;
- must be able to mobilize between 3 and 4 million CFA in savings over a five-year period.

The baseline data questionnaire was developed by project staff with the help of the local planning service. Using the criteria described above, 36 villages were proposed by the various technical services in the Zinder region, all different from the 48 listed in the grant proposal. From these, 10 were selected for the first baseline survey. Apparently the purpose of the first study, completed in December 1989, was to identify villages where credit unions would have the greatest chance for success. Larger towns such Magaria and Matameye were excluded from the first list. Other villages would later be studied, depending on the results of the first studies. By then the project staff would know more about how well these criteria really applied to the proposed villages.

The top ten villages retained for the first baseline survey were those considered the most likely to succeed, based on the above criteria. They were:

Arrondissement	**Villages**
Matamaye	Kawari Doungou Eldawa Daushé
Magaria	Kwaya Yékouwa Sassoumbroum
Mirria	Gafati Droum Machaya

The other two arrondissements in the Zinder Department, Gouré and Tanout, were considered to have very little potential for economic activities other than rain-fed agricultural production and therefore unsuitable for the pilot phase of the project. Results from the 10 villages surveyed showed that six had a high potential for credit union activities. The other four either lacked social cohesion or had limited economic resources. The six villages chosen for active promotion were Kawari, Doungou, Eldawa, Kwaya, Sassoumbroum, and Yekouwa.

One of the reasons for locating the pilot phase in rural villages close to the Nigerian border was that it was assumed they would have a greater savings potential, a more diversified economy, due to the active across-border trade in the area and thus, greater potential to establish a functioning credit union. While this is generally true, the project has experienced the problem of the Nigerian naira as money of exchange and a corresponding lack of CFA availability. Methods of arranging to convert naira into CFA must be used in order that accounts be maintained in CFA.

III. Issues in Project Implementation

1. General

o Adequacy of project design

The project document was a grant proposal based on the Mahon design report and the LePage feasibility study, rather than a full project paper. As such, it is lacking in the specificity of social soundness and economic analysis that is normally seen in USAID project designs. Much attention is paid *in the text* to conditions precedent, while the actual project implementation plan is unclear.

The Credit Union Development Project design was heavily dependent upon the OSU study of rural financial markets, which did not constitute a baseline survey for the project as such. While OSU has not been involved as a university contractor as originally planned, Carlos Cuevas, an OSU faculty member, has provided some assistance as a private consultant.

The design was overly optimistic regarding the time needed to establish administrative procedures, undertake recruitment, and set up the initial credit unions. WOCCU counted on the presence of one technical advisor to be responsible for project implementation, in the absence of a local Nigerien affiliate organization. It was feared that external factors, especially those having to do with interference from government authorities and agencies, would have a negative impact on the pilot phase of the project.

- Project assumptions

Much of the project design was based on the assumption that a credit union movement could be initiated in Niger within a project context. This is the first time that WOCCU has been involved in creating a credit union movement from the ground up. Typically, credit unions in Africa have been initiated by missionaries familiar with those institutions in their own country. They see parishioners' needs for financial services and the desirability of escaping the clutches of local usurers. It is then, after these efforts have gained momentum and a credit union is functioning, that the members usually come into contact with ACCOSCA or WOCCU. In the case of Niger, WOCCU has taken the initiative by starting a credit union movement as an AID-funded project. Some Nigeriens naturally tend to view the WOCCU project as similar to others where, goods and services have been given to them, often without their having to pay back. The challenge for the WOCCU project is for the credit union movement to move beyond the project stage and begin to be seen as Nigerien member-owned and operated.

In spite of the above challenge, the evaluation team found indicators that both OSU's and WOCCU's assumptions are correct. In speaking with credit union members, the team found that they view the credit union differently than traditional forms of savings such as tontines (traditional rotating savings groups): (1) The credit union is seen as replenishing itself on an on-going basis versus ending on a specific date; (2) Within the tontine, an individual receives money only when it is his or her turn; (3) There is no interest on traditional methods, so that at end of the period the participants have the same amount as at the beginning; (4) The credit union is viewed as being safer, diminishing the risk of fire or theft. The credit union is clearly seen as more secure and available, providing credit when needed compared to taking one's turn or searching out a credit source. In expressing why he chose to become a member of his credit union, one member cited a proverb: "Instead of looking for something elsewhere, it is better to look within ourselves."

The project design relied heavily upon the policy conditionalities regarding the recognition of credit unions in Niger. As of the time of the evaluation, the arrêté required by the ASDG Condition Precedent has not yet been adopted. On the other hand, the grant proposal was concerned to assure no direct or indirect interference of the government in project activities. This has so far not proved to be a problem.

- Adequacy of project indicators

The project design would have been more useful to the evaluation if the logical framework sheet had been developed, showing the relationship of each output to its respective indicator(s). The results from the baseline data survey are not yet available to determine what the attitudes of the population are to project objectives.

- Progress toward attainment of objectives

The WOCCU project is behind in the attainment of most of its output objectives. The logical framework called for the formation of five credit unions a year for each of the first three years of operation. Given the amount of time involved in recruiting staff, developing training materials, and selecting village sites, these numbers now appear overly ambitious. More critical to these early years, has been the setting in place of a process by which credit unions can be established. In this regard the project appears to have made a sound start, particularly in terms of development of training materials, the credit union promotion campaign, site selection criteria, and staff recruitment processes.

WOCCU uses the term "penetration rate" to indicate levels of credit union membership. It is obtained by dividing the number of members by total population. WOCCU expects that over five years, membership in credit unions will equal 10% of the total population. For the current credit unions, the penetration rates are calculated as follows:

Niger Credit Union Penetration Rate

Village	Total Population	Membership	Percentage
Sassoumbroum (two credit unions)	2,822	279	10
Kawari	1,292	77	6
Kwaya	1,542	61	4
Yekouwa	3,244	57	2

The project's designers were overly optimistic in their projections for creating 15 credit unions in 3 years, given the lack of history of credit union activity in Niger, levels of literacy, etc. and especially length of start-up time required before credit union promotion could even begin. The grant proposal anticipated 10 functioning credit unions by the end of the second year. Only five have been formed and they are not yet

fully functioning. The project staff still believe they are able to establish the 15 credit unions during a three-year period if that period is counted **from the time when credit union promotion actually began**, i.e. late 1989, rather than from the project's effective date or Shaw's arrival date.

Project projections for credit unions to be established by the end of project's phase I (requested to be March 1992) are given as follows:

Credit Unions Established at end of Project Phase I
(by arrondissement)

June 30 - Sept 30, 1991	Zinder:	1 group of tailors (women)
	Magaria:	3
	Matamaye	1
Dec. 31 - March 31, 1992	Magaria:	4
	Matamaye:	1
Total		10

The project has successfully identified a process for promoting credit unions - a critical and important achievement - upon which Phase II (1992-97) can build. The critical question, however, is to what extent they will be fully functioning: extending credit, assuring repayment, and recruiting new members. (It should be noted that the evaluation team agreed on this definition of "fully functioning credit unions" since the grant proposal did not contain one. However, since saving is the "core" credit union financial activity, there is a sense in which a duly constituted credit union which is actively mobilizing savings can be said to be fully functioning, even if has not yet begun or has suspended credit granting).

o Impact of external factors on the project

The project has experienced little in the way of political interference. Social and religious factors, however, have loomed large in the implementation of the project. These are discussed in some detail in the Appendix B, "Profiles of the Credit Unions Formed thus far." Among these factors the predominance of the Nigerian Naira as the currency in use in several of the communities closest to the border; cloistering and other factors (especially husbands' and fathers' attitudes) hampering women's participation in credit unions; and the persistence among some to

view the credit union as "another project" with "gifts" despite repeated assurances to the contrary.

- Effectiveness of the WOCCU approach

WOCCU prides itself on a bottom-up, member-run approach to development. As an international organization built on cooperative principles and structure at every level of its existence, its member confederations and their member federations are quite literally WOCCU's owners. In carrying out its mandate to assist credit unions in the development of their capacity to serve their members' needs, WOCCU has traditionally done so in partnership with the national credit union service federation and with a track record of success. It has sought not only to strengthen credit unions but also to strengthen the institution that will be expected to provide essential services to credit unions once WOCCU is no longer physically present. It is important to note, however, that the WOCCU project in Niger is different from other WOCCU projects in that it has not had a local affiliate with elected leadership to make decisions on behalf of a Niger credit union movement and a professional federation staff with which to collaborate. The credit union development effort in Niger has been largely dependent upon WOCCU/Madison for guidance, especially given that both Shaw and the local Nigerien staff did not have prior knowledge of or experience with credit unions. Communication between the Madison office and the Zinder office has, however, been problematic. The Project Manager who is also responsible for Francophone Africa must travel often and is therefore often not available in Madison, making communications all the more difficult. This has been frequently and regularly aggravated by difficult technical circumstances such as telephone and fax line and equipment problems.

There are also differing perspectives on project objectives between the home office and the field. The Home Office insists on the absolute imperative of building a private sector movement and avoiding government control. It has been a challenge for the Field Office to do so while grappling with the day-to-day realities of being viewed by many in and out of government as a project under the supervision of the Ministry of Finance.

All of the above has militated in favor of a "back to basics" version of WOCCU's approach - keeping the credit union message simple, understandable, and consistent; insisting on the member-owned-and-operated and especially the member-financed nature of credit unions. WOCCU has had to adapt its approach to communications and logistics difficulties; to a high level of illiteracy necessitating efforts in "alphabetisation"; to more pronounced obstacles to womens' participation than in other countries; and to a context in which government has previously not only been involved in most development efforts but has

directed them and in which "private sector" is an attractive but still theoretical concept.

2. Policy Conditionality

Policy conditionality as regards this project has to do with the concern shared by WOCCU and USAID to promote an appropriate legal and regulatory framework for private enterprise development in Niger. Characteristics of such a system are a policy of non-interference in the internal management and workings of private enterprise and a more general deference to market forces for supplying and pricing the goods and services the Nigerien market requires. The conditions established by WOCCU staff member Dean Mahon as outlined previously formed the basis for the "conditions precedent" for credit unions. The Government of Niger agreed to exempt credit unions from both bank and cooperatives law; to adopt a temporary credit union law establishing a Credit Union Registrar's office and allowing credit unions to be legally registered; to recognize credit unions' member-owned, self-managed status and to refrain from interfering into the internal workings of credit unions or their associations; and to work with WOCCU and ACCOSCA to draft a permanent credit union law. A last condition, to refrain from conducting subsidized credit programs in the credit union pilot zone, was not formally agreed to.

o Exemption from Bank and Cooperatives Laws

The government has exempted credit unions from cooperative and banking laws.

o Recognition of Credit Unions' legal status

WOCCU consultant Norbert LePage returned to Niger in June and July 1989. LePage also completed the first draft of the temporary credit union legislation ("arrêté"). Shaw has worked with the Ministry of Finance to complete the drafts of the abovementioned "arrêté." Project staff are going ahead with plans for those credit unions that meet certain criteria to begin issuing credit in the near future.

While there is every appearance of good faith on the part of the government, there is also a kind of Catch-22 involved. The text of an "arrêté ministeriel" providing for the temporary registrar's office and allowing credit unions to be registered was agreed to over six months ago by the Ministry of Finance. However, it cannot be signed because the law that the arrêté refers to is a clause in the current banking law, which provides for "other financial institutions." This law has been duly adopted, but its accompanying "decret d'application" has not. The arrêté cannot be signed until the decret is signed, and there is no indication that it will be soon. A compromise solution may, however, have been found. An 'arrêté' has been drafted for

the signature of the Secrétaire d'Etat in the Ministry of Finance which would refer not to banking law but to the ASDG as an international agreement which must be upheld. This document, if executed, would satisfy the needs of credit unions and credit union organizations for appropriate legal status until such time as a modern credit union law is adopted.

While the official decree ("arrêté') has not been signed, the project has received a letter from the Ministry of Finance to the Ministry of Communication in August 1990 authorizing credit unions to open accounts in the post office savings bank, which is an informal step in the direction of recognition, giving it the status of "personne morale." A letter providing provisional recognition of credit unions was issued by the Ministry of Finance in August 1990 (see Appendix). It would appear to allow the project to conduct all credit union activities, although it carries no legal weight. The most important of these is the ability to open up savings accounts at commercial institutions and to take a delinquent member to court. On this basis, bank accounts were opened in the names of the credit unions at the Caisse Nationale d'Epargne (CNE) - the postal savings bank - at the post offices nearest their villages. Draft articles of incorporation have been developed for individual credit unions. Model bylaws have been developed for use by the individual credit unions.

- Establishment of a Credit Union Registration Office

The establishment of a Credit Union Registration Office, headed by a Registrar, instead of a Credit Union "Service" or "Direction" headed by a Director or Coordinator is an important step in changing the regulatory environment for the private sector in general not just credit unions. The Registrar's office receives applications for registration as legal entities from credit unions via their federation (or, for the time being, via WOCCU). It verifies that the credit union meets all the requirements for registration and that the federation (or WOCCU) has properly "vetted" it. It delivers a certificate of registration and maintains a file of legal documents for each credit union as well as a general register of credit unions. It gathers basic statistical and financial data at least annually and make its available to appropriate governmental and international agencies. It is responsible on behalf of the public interest for insuring that credit unions are run in a safe and sound manner. It accomplishes this by conducting regular examinations (inspections) of not only the credit unions' accounts but its entire operations. The execution of this function may be delegated to the federation, a private firm, or another government agency.

As important as what a credit union registration office does is what it does not do. It does not promote or organize credit

unions, nor direct or coordinate private groups that do. It has no say in the internal management or democratic functioning of credit unions or their federation. It does not establish policies, nor fix interest rates, etc. It refrains from attempting to use credit unions as a vehicle to accomplish governmental objectives or as a conduit for external lines of credit. Like the referee of a soccer match, it insures a "level playing field" and enforces the rules of fair and safe play but otherwise, it allows the players to play.

Norbert LePage returned to Niger in May 1991 as a WOCCU consultant to work with Albert Rabiou of the Ministry of Finance to determine the physical arrangements as well as the supply and equipment needs of the registrar's office. They will draft complete but streamlined procedures for submission of applications and delivery of certificates of registration. They will also draft the various forms and documents to be used by the office and outline its statistical information gathering role.

It is somewhat risky for credit unions to begin issuing credit until they are legally registered. Whenever a borrower defaults on a loan, there is still a question as to whether the credit union can take that person to court. This is an important reason why WOCCU and the government of Niger must continue to press the issue of legislation. In fact, since there are virtually no other African countries that have acceptable credit union legislation (the lone exception being Zambia), it is to be hoped that Niger can pioneer in this area.

- Recognition of credit union autonomy

WOCCU consultant Norbert LePage, during his 1989 visit, also adapted for use in Niger the boiler-plate credit union by-laws developed by WOCCU and FUCEC-Togo. These by-laws constitute the definitive rules by which credit union members agree to govern their activities. Further internal regulations, such as a Credit Policy, are adopted and revised as needed. Final approval of the seventh draft for model credit union bylaws was given by the Ministry of Finance in March 1990.

- Status of credit union legislation

WOCCU sees its responsibility as insuring that Niger benefits from the experiences of other countries in the area of legislation and that they have the chance to have a modern, appropriate credit union law. This might help to avoid the legal confusion that other African credit unions are obliged to live with. WOCCU/Madison expects to provide significant support to this effort to the development of appropriate credit union legislation. The new Safety and Soundness Project, recently approved by AID/Washington, will develop guidelines for writing a

modern credit union law. WOCCU plans to draw upon the collective wisdom of a "comité des sages" representing a number of movements in both the developed and developing world. WOCCU technical staff will do the actual guideline preparation based on the committee's contributions and will submit them to review before publication. By buying into this effort, it is hoped that the Niger project can guarantee that these guidelines will be ready before the end of this year (1991) and translated into French. This will permit WOCCU consultants to work with WOCCU staff and GON in 1992 to draft a credit union law which will correspond both to international standards and to the requirements of the Niger government. During this process, there are a number of laws that should be studied, such as the United States, Quebec, and Australia which could illustrate the way in which norms and standards have been adapted to different countries.

The WOCCU project, USAID/Niger, and the Government of Niger must be careful regarding the proliferation of interest in savings and/or credit. Some institutions which call themselves credit unions are in fact not credit unions. A credit union is a specific institution with a specific definition. It is not defined by its credit-granting activity and should not be lumped together in programs or legal systems with institutions that are not member-owned-and-operated and savings-based (not capitalized from outside).

- Interest rates in the pilot zone

Credit unions are cooperative businesses, not charitable endeavors. They exist and function in the "real market." They must pay their operating expenses (including accounting and administrative documents; office rent or construction; bookkeeper salary; postage; etc.) from their own revenues. Principal among these revenues is the interest that members pay on loans they receive. While credit unions are committed to making loans available to their members at affordable interest rates and conditions, their operations are not subsidized and they must generate revenues sufficient to cover expenses. In rural Niger, until such time that credit unions can attain a level of economies of scale, an interest rate of 2% per month on the unpaid balance will probably required. Although WOCCU knew of no existing or planned government programs of credit with subsidized interest rates for the Zinder pilot area, WOCCU desired GON assurances that no such unfair competition would interfere with the delicate start-up process of this effort.

So far, this has not posed a problem in the course of the initial phase of the WOCCU project. The credit committees within the credit unions are just now drafting their credit policy based on the boiler-plate Model Credit Policy developed by WOCCU and FUCEC-Togo. The credit unions will soon begin making loans to their members.

3. Personnel Management

Staffing needs for the project were not dealt with in detail in the WOCCU grant proposal. During Thomas Shaw's orientation with WOCCU-Madison in April 1989, the implementation of the strategy for recruiting and training of the first field agents which had been planned since 1988 was discussed. FUCEC-Togo had previously consented to a request by the Project Manager in Madison to train Niger's first field agents at the same time as their own in 1989. The field agent supervisor was not selected before the agent candidates in the hope that one of the agent candidates might distinguish him/herself as qualified for the supervoisory position.

Upon his arrival in Niger in June 1989, the technical advisor made the following proposal for project field and office staff:

1 field agent supervisor (chef de cellule de promotion)
6 field agents (assistants de promotion), 5 men and 1 woman
1 project office accountant
1 credit union auditor (inspecteur)
1 bilingual secretary
1 driver
1 messenger/errand person
3 night guards

The proposal was accepted by WOCCU-Madison, USAID-Niger and the Ministry of Finance. A three person committee, composed of representatives of all three parties, was set up to interview candidates. Priority was given to recruiting field agents because of the need to start setting up the credit unions. A total of six field agents were to be recruited, the first three positions to be filled as soon as possible. Recruitment of the other field agents was to take place the following year, after analyzing the first year's experience. The recruitment process began in early July 1989. A total of eighteen candidates were received from the local manpower service (Inspection de Travail/Service de la main d'oeuvre); only five met the minimum requirements.

These five were sent to Togo to participate in FUCEC-Togo's Pre-Selection Training Program. It was understood that only three would be hired after their return to Niger. The training was organized jointly with FUCEC and conducted in Kpalimé, Togo by FUCEC staff. The training lasted a total of five weeks, two weeks of credit union accounting, two weeks of credit union promotion, and a week of adult training and communication techniques. The three that were hired signed a six month trial contract.

The next position, that of project driver, was filled in late August. Now that the core staff had been recruited, all of the other positions would be recruited when the project became functional in Zinder. It was only in November 1989, with the arrival of the project office equipment, that an office secretary was recruited. From then until May 1990, no other project positions were filled. During the period from May to August 1990, both the field agent supervisor (the most important position) and the office accountant were recruited. The reason that this took so long was due to both the lack of time and health problems that Shaw developed during that period. The initial recruitment process was completed with the help of Daniel Devine, a WOCCU training consultant and Zakou Bombéri, a local accounting consultant.

Ibrahim Mahamane, the Field Agent Supervisor (Chef de Cellule de Promotion), was not hired until June 1990, a year after project start-up. And then he had only three weeks with the technical advisor before the latter left on vacation. His strengths are primarily in training rather than management and planning.

The second group of field agents was hired in October 1990 after recruitment in Niamey and Zinder. It was decided to recruit one woman and two men. Of the 22 candidates tested, only one was a woman and she did so poorly on the test that she was not retained as a candidate. Recruitment for a woman field agent was continued in Zinder until a suitable candidate was found. Most of the scores on the pre-qualification test were low. Some of the best-scoring candidates had to be eliminated for social, non-technical reasons (such as alcohol abuse). Two men were hired, one with good technical qualifications (Brevet d'Etudes Professionelles or B.E.P. Comptable) and experience at the Banque de Développement de le République du Niger (BDRN). The other is young and bright, but is not working out well. He ventures into areas where he is not really knowledgeable or competent. The bright spot in this group has been the woman who works with the Sassoumbroun women's credit union. She is bright, has a good level of education, has lived in other coastal African countries, and is articulate, energetic, and enthusiastic.

The appropriate minimum education level for field agent recruitment should be the Certificat d'Aptitude Professionel (CAP) Aide-Comptable plus three years experience, preferably in a rural area and/or with a development project, or the general, non-professional Brevet d'Etudes du Premier Cycle (BEPC) with good grades in math and the same experience profile. In each case, they must agree to work toward the next level diploma (for those with CAP, the BEP; for those with BEPC, the CAP). Four to six months should be allowed for recruitment.

A written test, including accounting, promotion, adult learning, and literacy, should be used as a screening device to eliminate

unqualified candidates and identify those worthy of interviewing. At least two people should interview each person who makes it through to the interview stage. Two persons should be recruited for each opening and put through a pre-selection training for which they would receive an honorarium and expenses. The technical advisor has suggested that training could be three months long, consisting of five to six weeks of accounting, one month of practical field study with a current field agent, and the rest in promotion and literacy training. At the end, one person would be selected. If the second person also proved qualified, an effort could be made to give him/her preference for the next opening. However, the evaluation team felt that it may well be that three months is too long to invest in training someone who may not end up working for the project.

The personnel policies and practices that WOCCU adopts must be done in a way which recognizes that, in the not-too-distant future, a Nigerien service federation may wish to "inherit" most of the service infrastructure that WOCCU has established including the personnel. To the maximum extent possible, the Nigerien federation must inherit a personnel and accompanying policies that resemble a dynamic private enterprise more than a leaden government bureaucracy. Its costs, including salaries, must be at a level that the federation can pay. WOCCU has given thought to investigating Niamey-based management consulting firms for possible help in doing the testing for personnel hiring. A consultant is needed to help re-write position descriptions, define roles and responsibilities, and establish a salary schedule. WOCCU is planning to recruit a medium-term consultant to begin in September 1991 and work through the end of the pilot phase helping to train the agents in account verification. He/she should also have the ability to provide assistance in the area of work planning and other management issues.

- Effect of project zone selection on staffing

It is quite clear that one of the major problems encountered in the start-up of the project has been recruitment. This has largely been a function of the lack of qualified candidates available who are willing to work in Zinder Department. The profile desired either did not exist or the candidates who fulfilled the requirements were not interested in working in Zinder, 1000 kilometers from Niamey. The qualified labor pool in Niger is considerably smaller than that of other countries where WOCCU works. This is especially true for assignments outside of Niamey. Being obliged to go through the Inspection du Travail for all recruiting has proved to be a major handicap. The process is not only time-consuming, but it is entirely probable that the applications of some qualified candidates do not make it through for questionable reasons. The best candidates were hired, but are clearly in need of more on-the-job training. In recruiting an accountant, the profile desired was not merely

someone to keep the books but also to help in budgeting, logistics, and technical training of the other personnel. While the woman hired has turned out to be a competent accountant with good Hausa and French and some English, she is not capable of performing the other tasks. It is doubtful, however, that such a person can be found.

- Adequacy of management policies and procedures

Because of inadequate staffing, several elements of WCCCU's management system have yet to be implemented. This should be one of the first priorities for a management consultant at the earliest possible convenience. Staff recruitment still continues to be a predominant concern for the future development of the credit union movement beyond the pilot phase.

4. Credit Union Development

- Methods for promotion of savings mobilization

WOCCU generally aims at a "penetration rate" of 10% of the adult population as members of the credit union. Preliminary figures indicate that only one village, Sassoumbroum (with two credit unions), is close to reaching that goal. Many villages are lacking in the social cohesion important for credit union development. Many people will appear to practice a diversity of savings approaches, whether or not they join a credit union.

It has proved to be a sound approach to build upon traditional forms of savings such as tontines to promote credit union development. However, it was evident to the evaluation team that there are other "common bond" groups that traditionally save and extend credit together that merit further exploration. These include artisan groups such as blacksmiths and other forms of "asusu" (Arabic term meaning bank or safebox) and "caisses de solidarité" organized by quartier (community) to meet members' financial needs. They generally have no fixed savings amount and credit is generally not extended in a rotating manner as in tontines.

The evaluation team was frequently informed that women participate in "tontines" more than men do. There are a few villages with apparently little tradition of tontines but where other forms of savings, such as maintaining farm animals, are practiced. The current questionnaire being used by field agents for site selection and site profiles will not adequately identify these other forms of savings. Understanding of these types of savings clubs would require qualitative research methods, rather than the current quantitative approach currently being used in the baseline surveys.

- Rate of savings and issuance of credit

A chart showing the savings levels of each credit union is included in Appendix B. The largest group formed thus far has 242 members, the smallest has 48. None of the groups has yet reached the 5,000 CFA average individual savings in order to qualify for initiating disbursement of credit. Project staff are exploring avenues for stimulating savings: bringing existing tontines into the credit unions; tombola (local lottery); publicity campaign; individual exchanges/sharing across credit unions. Experience in Togo suggests that a credit union needs at least four million CFA with 150 to 200 members to be able to function as an autonomous, viable institution.

The naira issue in most of the border area credit unions and the corresponding lack of CFA in the project area near the Nigerian border needs to be dealt with. While it is theoretically possible for members to have both Naira and CFA accounts, this is cumbersome and a strain on the bookkeeper/manager's newly-acquired accounting skills. The instability of the Naira's value, however, does not make it a good currency unit for saving, since even an attractive rate of interest on savings could not make up for the steady decline of its real-market value. Worse, a credit union's attempts to accept Naira savings and convert them to CFA francs could eventually bankrupt the credit union. In order to convert large amounts of Naira to CFA, they must be taken to a larger town or city. Deposits of Naira might be accepted and credited a members' accounts at their current value in CFA francs, yet the credit union would have to bear the expense (and risk) of carrying the Naira to town for conversion. It would also have to bear the loss in the probable case that the value of the Naira declines further in the meantime.

In one village, when asked how the credit union is different from other project interventions, the response focused on the fact that other projects were for the whole village, while the credit union is for the members who contribute money. This seemed to reveal a sense of identity and ownership associated with the credit union.

Credit union members frequently told the evaluation team that they intended to use credit for productive activities such as purchasing agricultural inputs, fattening livestock, or cereal marketing as well as other non-agricultural activities, such as the importation of dry goods, etc. from Nigeria, from Niamey, or from Saudi Arabia for sale. The technical advisor attributes this to the "trader/ businessman" qualities of the Hausa people. It is also possible that the credit union is perceived as being able to meet larger credit demands versus smaller consumption needs that can be met through other forms of savings.

Multiple forms of savings exist in villages and will continue to exist since they serve different needs over different time periods. They may be viewed as part of the social organization of the village as well as a risk diversification strategy. Each form - the tontine, livestock, stashing money in a jar, stocking cereals - carries its own advantages and risks. It is not to be expected that all savings within a village will be deposited in the credit union.

- Functional efficiency of credit unions

The evaluation team spent some time attempting to define the term "functional." It was felt that it should mean that the credit union is dispersing credit. Since none of the WOCCU pilot credit unions are yet at the stage of providing credit, none would be defined as functional by this definition. Measures of functioning should include democratic decision-making procedures in place, a membership base, and savings. As such, three of the five credit unions would seem to be on-target and showing considerable potential to become fully functional, that is, to disperse credit within the next few months. These three include the women's credit union in Sassoumbroum, and those in Yekouwa and Kawari. The men's credit union in Sassoumbroum is experiencing some "growing pains" due to the persistence of the idea that WOCCU will eventually come bearing gifts like all previous projects, despite repeated assurances to the contrary. The credit union in Kwaya has not yet exhibited much saving potential.

The past negative experiences with BDRN and CNCA have influenced attitudes toward credit unions. People are cautious and skeptical. The promotion campaign consequently must be careful in explaining the objectives of credit union movement and distinguishing its process from previous failed experiences.

The formation of the women's group at Sassoumbroum has been a major success for the project. It has given the members a sense of achievement already and made them more assertive and self-confident. It was important for them to form a separate credit union in order to maintain unity of purpose. They have managed to withstand pressure from some of the spouses to stop the group's activities.

The evaluation team found that those credit unions that had active and enthusiastic officers had made the most progress. Those with passive or skeptical leaders usually reflected distrust of project objectives and associated it with failed past projects. Several groups have a serious problem of elected credit union members attaining sufficient literacy and numeracy skills to be able to function effectively. Some elected officials clearly have their own agendas and ulterior motives that run counter to credit union objectives. In the upcoming annual

elections, the project staff expects some of them to be turned out of office.

WOCCU decided to assist credit unions in the construction of small, modest offices. This decision was based on the experience in Togo, where spectacular growth was stimulated in certain rural credit unions by an incentives program. In this program, credit unions which attained certain performance targets and adopted policies conducive to both good management and growth were rewarded by, among other things, assistance in building a small office. Credit union offices are seen as a visible symbol of progress, but have been a point of confusion, if not to say contention with at least one group, the men's credit union in Sassoumbroum. Members insist that they were under the impression that the project would provide funding for construction and they proceeded to make bricks of local material. WOCCU staff, however, maintain that the performance criteria for such assistance, such as attaining a sufficient level of average individual savings, were lost sight of in a case of selective listening (i.e. hearing only what they wanted to hear). Field agents tend to feel that they have lost credibility after being accused of having raised expectations among credit union members that have not been met. A compromise solution appears necessary.

- Selection of trainees for committees

The selection of committee members has been a concern, since their functioning depends upon being trained, which in turn is a function of seasonal obligations and a suitable training site. Many in the villages have refused categorically to go into the district or regional capital for training. They have very traditional attitudes about leaving their community except for particular purposes. This is especially true of older credit union members.

- Effectiveness of field workers in providing service

Clear differences emerge among the five existing credit unions, as one might expect. Unfortunately, given the time frame, the evaluation team could not delve into all the reasons for these differences. Such factors as the economic base, currency availability, past experiences, settlement and communication networks, village dynamics, and field agent capabilities all affect credit union operations. It should be noted that the assignment of the two field agents considered to be the "best" by the project leaders has resulted in the two most successful credit unions because of the agents' hard work, abilities, and enthousiasm. Further investigations into the socio-economic dynamics and operations of the credit unions would shed light on current functioning and be instructive in the promotion of credit unions elsewhere.

5. **Education and Training: Project Staff and Credit Union Members**

o Monitoring of training results within credit unions

The nature of credit unions as member-owned and member-operated institutions requires that members and especially the elected officials that they entrust with responsibility be able to read and write (in Hausa) at least at the Beginner level, preferably higher. The intensive literacy training in which all elected officials agree to participate, has been successful at a modest level, with the vast majority of participants attaining only the Beginner level. The primary reasons for failures to attain higher literacy levels include: age (some elected officials are just too old to learn effectively); limited time to attend the course because of family responsibilities and social obligations (particularly for women); and disinterest. Elected secretaries who are unable to attain the minimum literacy level are expected to be changed. The field agents will have to monitor the effectiveness of those trained on a regular basis. It should be noted, however, that without endorsing candidates the WOCCU staff has indicated to the credit unions' members that aptitude for and time for literacy training is especially important for several key posts. As a result, most persons occupying the positions of Chairman and Treasurer of the Board of Directors and Chairman of the Credit Committee were able to attain higher levels - ranging from 3 to 6.

o Follow-up assistance and in-service training

People are only available for long-term training in the off-season, that is from November through April, an important factor which must be considered in program planning. Training is clearly a major input and output of the project. Manuals and methods for attaining necessary literacy levels are now available. However, in areas where people have competing off-season economic priorities, attending lengthy, residential literacy training will be problematic. In at least one village, credit union members refused to leave their village to attend training. Credit union members are eager to receive more training. Continued and expanded resources must be directed to literacy training and development. Likewise, as the credit unions move into more advanced management, additional courses will be needed. The project should also envisage more study tours such as those to Senegal.

o Integration of literacy into training programs

The project is to be commended for its attention to literacy training and development of appropriate manuals for men and women. Given the extremely low literacy rates in Niger (the average literacy rate for Niger is 10%, with women averaging 7%), these efforts have wider spread implications than just in terms of credit union development. Remarks made by trainees during the evaluation visit ("now I can write my name"; "I will write you a letter") indicate the importance of the project's efforts in this regard. Given the above, the transfer of basic literacy and numeracy skills to so many people is one of the WOCCU's greatest achievements in the pilot project, especially since this skill is both fundamental and transferrable to other domains.

- Visual and audio-aids used in training

The project has been especially effective in developing visual materials geared specifically toward the training of low-literacy populations and to women, using graphic illustrations related to their activities that are remarkable for their cultural and gender appropriateness. These visual aids have received wide circulation and favorable comment from the international credit union movement. Video-cassettes produced by the project have made their way onto Nigerien television and stimulated interest.

- Survey training

In the process of conducting site surveys and baseline data surveys with the assistance of Ministry of Plan and Ohio State University, WOCCU has not only been able to refine the tools it uses and develop partnerships with complementary institutions, it has provided training in the area of community surveying to a number of Nigeriens both among the project staff and others.

- Training of field agents

Appendix C provides a listing of all the training seminars provided under the WOCCU project, from August 1989 to May 1991. It has been substantial. There have been 10 training sessions, ranging from five weeks to five days, as well as on-going correspondence courses. With the exception of the initial training with FUCEC in Togo, all have taken place in Niger, mostly in Zinder. In addition, the field agent supervisor has benefitted from a number of training seminars and observation tours: the WOCCU Annual General Meeting and the Technical and Developmental Services Department workshop held in Nairobi, Kenya in August 1990; a study tour to Malawi to visit the Malawi league; a visit to FUCEC-Togo in October/November 1990 for training; and a two-week ACCOSCA seminar on credit union accounting held in Lomé in March 1991. He is leaving in June 1991 for Madison where he will attend the annual WOCCU meeting.

It is to be assumed that the basic field agent training from now on can take place in-country rather than in Togo or elsewhere, now that Niger-specific materials have been developed. This is not to say that study tours such as those to Malawi should not be continued. On the contrary, it is clear that observation of other credit union movements is an excellent motivator for project staff and credit union members. Obviously the use of Dan Devine for training was most helpful. He or someone with his skills should be called upon for future staff training.

- Process for replacing inadequate field agents

The evaluation team heard a good deal of discussion about the short-comings of certain staff members who are not measuring up to expectations. We were also made keenly aware of the difficulty involved in recruiting new staff. Given the length of time needed for recruitment, it is likely that the current staff will have to be retained until the end of the first phase (assumed to be March 1992), at which time their contract agreement will be reviewed and the deficient ones replaced.

6. Promotion Committee

The project design called for the creation of a Nigerien credit union Promotion Committee composed of elected representatives of credit unions. Its formation was predicated on the existence of a sufficient number of functioning credit unions, but not later than the beginning of the third year of the project. It would be the responsibility of the committee to speak for and make decisions on behalf of the emerging Nigerien credit union movement. The project personnel would become the personnel of the Promotion Committee. They would help the elected representatives plan and execute strategies for increasing the number of credit unions and expanding into new regions of the country. The Promotion Committee would develop into a national association of member credit unions which would provide services such as auditing, training, promotion, central finance, and insurance on a self-financing basis.

At the time of the evaluation, the Promotion Committee had not been constituted, although project staff and Ministry of Finance officials were beginning to sound out individuals who might be qualified and interested in participating on the committee.

Once the Promotion Committee has been formed, the project staff, equipment and supplies should be transferred to it. The Committee and its staff will require technical assistance in a number of areas: management (financial, personnel, supply and transportation); promotion of new credit union and savings mobilization; government and regulatory relations; inspection and audit; training and education.

- Issues in establishing the committee

The Promotion Committee should eventually consist of elected representatives from each of the credit unions. But for the time being this is somewhat unrealistic, since the business of the committee will be to promote the credit union movement in the capital city and throughout the country. There are a number of significant differences between Niger and, for example, Togo and Senegal, that make the Promotion Committee idea more difficult to implement. Niger has a very modest-sized formal private sector from which to draw upon for committee members. Normally, the Chamber of Commerce would be a logical place to look for active economic operators. It is not clear whether this would be an effective approach in Niger. The non-governmental organization (NGO) sector might be a more appropriate source of interest and support, even though it is young and relatively undeveloped. The tradition of government participation in and control of most sectors of activity make the creation of a committee that is "private" even more problematical.

- Possible assistance of ACCOSCA in June 1991

Although the national Promotion Committee had not been constituted at the time of the evaluation, plans were being made for ACCOSCA representatives to come to Niger to help in organizing it between September and November 1991. Originally it had been hoped that this would take place in June. The challenge will be to identify sufficient interested people willing to volunteer their time as private individuals, and to avoid direct or indirect domination by government officials.

- Promotion Committee in place by end of project

The grant proposal called for the Promotion Committee to be created by the beginning of the third year of implementation. The idea would be for the committee to develop a credit union development strategy and begin taking over some of the functions of project management by the second phase. Efforts to form the committee will have to be re-doubled if it is to be in place by March 1992. The project will need support from all sources possible, including USAID, the Ministry of Finance, and informal networks and informal groups such as the Informal Network on Savings and Credit in Niger. (This group brings together numerous groups involved in one way or another with savings and/or credit to share their experiences. It is often erroneously referred to as the Informal Credit Union Network - Reseau Informel des Caisses populaires - but this constitutes an inaccurate use of "credit union" and "caisse populaire"

7. Baseline Data Studies

- Status of baseline survey to date

To identify new credit union areas for the second survey, the project recruited and hired its own personnel. Of the 13 candidates, four Hausa-speakers (two men and two women) with BAC (baccalaureate) credentials were hired. A five-day training was conducted by Messrs. Lamine of the planning service and Ibrahim Mahamane in Zinder in April 1991. It consisted of interviewing techniques, survey methodology, and practical field work. The selection of villages, using basically the same criteria as before, was again done with the assistance of local technical services. The survey began in March and covered eight villages in Magaria and three in Matameye. It was still under way when the evaluation team arrived in Zinder. At the time 866 questionnaires had been administered, and a total of 2,000 was anticipated. Although it was hoped that data entry could take place in Niamey, project staff are planning to send the questionnaires to OSU for processing. Results are not expected before September 1991.

- Effect of baseline study delay on measuring project impacts

Although the actual baseline data surveys were completed in late December 1989, it was not until June 1990 that the final analysis was completed. It was obvious that the first survey design was not very effective. The project therefore requested assistance from Carlos Cuevas of OSU as a consultant to improve the questionnaire. It was expected that the consultancy would take place in November 1990 so that results would be available in advance of the promotion campaign in early 1991. Cuevas was not available until January 1991, at which time the questionnaire was developed and tested in Zinder. As a result of the delay in the consultancy, the 1991 promotion campaign was also delayed. Villages were selected without the benefit of the survey results.

The distinction needs to be made between two data needs: (1) data for selecting villages, and (2) baseline data for measuring program impact. In the latter sense, baseline means data that are collected <u>before</u> a project starts as a base/beginning against which results can be measured. The evaluation team sensed that the current survey may not be meeting either need. Because of delays, villages were selected in the absence of survey results. It is questionable whether these survey data are appropriate and valid as baseline measures.

The project needs to examine the possibility of using WOCCU measures of performance to answer people-level impact needs: develop and conduct a longitudinal study with a selected number of credit union members and non-members as a control group. In the normal course of its business, WOCCU (and any credit union or national credit union movement) collects, analyzes, and uses

both financial and administrative data. WOCCU will be collecting financial statements ("situation comptable") from each credit union. The financial statement form has been modified (and within limits of a one-page format can be further modified) to include administrative data, such as a loan aging schedule and membership statistics disaggregated by gender and legal status ("personne physique" ou "personne morale"). These statements taken individually permit WOCCU to track the financial and managerial health of each credit union and identify priority areas for intervention. On a national level, this information is consolidated into a movement consolidated statement. This aggregation of movement statistics permits WOCCU to track those elements which it considers most important in promoting movement development. First among them is growth: in numbers of members, in savings, in loans, in assets, and, to a lesser extent, in numbers of credit unions. The penetration rate, the access of women to credit unions, the loan delinquency rate, and the ability credit unions to cover expenses from revenues are tracked. Then, a number of key financial analysis ratios are applied and the results analyzed. WOCCU contends that, as financial institutions, the collection and analysis of the above information will present the clearest picture of whether the movement and individual credit unions are providing the appropriate services to their members and thereby achieving project objectives.

- Project approach to monitoring and reporting

The project has only produced one" six-month" report since the beginning of project implementation, covering the period of the beginning of the project in June 1989 to September 1990. The second six-month report was due at the end of April 1991. Information gathering and dissemination has suffered as project staff have been preoccupied with day to day operations. There is a vital need for the project to set up its own management information system and project monitoring to improve its management capability as well as reporting procedures for both WOCCU and USAID/Niamey.

- USAID data needs and project submission of information

Baseline data for impact evaluation is an increasing concern of the Agency for International Development and USAID/Niamey. In particular, there is a strong push for gender disaggregated data to determine the impact of projects on women. The literature available on agricultural credit suggests that impact evaluation of credit programming needs to be more flexible than in the past. Rather than trying to establish a cause-effect relationship between credit and increases in rural incomes (highly influenced by multiple exogenous variables and the fungibility of credit), evaluations should focus on what can be measured realistically.

Possible evaluation measures might include: functioning credit unions measured through membership numbers, repayment rates, democratic procedures, institution building, legislative efforts, average savings, average loan size, savings balances over time and number of loans.

8. Project Management

WOCCU/Madison does not attempt to "micro-manage" its projects by long-distance. The chief of party (COP), who is based in Zinder, manages the provision of technical assistance and the local administration of *the project* under the overall guidance of the Project Manager who is based in Madison. The COP consults with the Project Manager, obtains clearance for major decisions, purchases, and contracts, and receives guidance in how to deal with situations which involve deviating from plans, delicate political situations, or modifications of approach and methodology. The Madison staff endeavors to provide technical information, contracts for consultants when they are available, makes some purchases of equipment, and provides personnel services.

The work planning and monitoring system as well as the project reporting system developed in Togo and presented to Shaw during his orientation there needs to be implemented as originally planned. This should be a priority task of the management consultant. Because the Project Manager has responsibilities for francophone Africa, he is frequently out of the office. There has not been a clearly defined management or work plan identifying those objectives toward which both WOCCU/Madison and the project staff are working. Management is a critical issue for the remainder of the project. A more efficient work planning and monitoring system needs to be adopted. The calendar system which Kelly Morris suggested during the evaluation (whereby blank calendar forms are passed out to staff, filled out by them, and then consolidated in regulary scheduled review and planning meetings) might be a start in that direction. But the needs go well beyond a calendar of scheduled target objectives and tasks.

Credit union members complain that project staff promise certain things they are unable to deliver (e.g. assistance in building an office, authorization to begin granting credit, etc.). The staff, in turn, contend that the credit unions have not achieved the criteria agreed upon, such as the average individual savings required to begin issuing credit. There are evident problems of communication that must be addressed. The adoption of the "arrêté" which allows for legal recognition, and thereby the beginning of credit granting, will solve several others. Still others will only be overcome with time, as credit unions are more clearly distinguished from projects by their

regularity and rigor and as the "rules of the game" become better known.

- o Effectiveness of USAID/Niamey support to project

Every indication during the evaluation indicated that the WOCCU project has richly benefitted from USAID/Niamey support. This is supported by comments made by WOCCU staff, both Madison and Niger, as well as Nigeriens interviewed in the field.

- o Effectiveness of WOCCU-Madison support to project

Given that there existed no national association and staff in Niger with which WOCCU could work and collaborate to plan and implement activities, it seemed clear to the evaluation team that WOCCU should have assigned two technicians instead of only one to the Niger project. A management advisor/COP could have been responsible for project administration - recruitment, personnel, and management of the project office; logistics and transportation; work planning and monitoring; financial administration and budgeting; reporting; and the training of the inspector. The other technical advisor would then have been free to concentrate on the development of field services and training, and to actually promote the creation of credit unions and provide direct support services to them. The needs for the technical advisor's attention to certain aspects of project implementation have now surpassed his time available to deal with them. As a result, work planning, monitoring, and reporting have suffered.

WOCCU has experienced problems in recruiting qualified consultants to assist in the elaboration of credit union legislation in Niger. The most highly qualified people who are specifically credit union legislation specialists, and not technicians from other areas who have some knowledge or interest in the area, speak no French.

- o Strategy for involving GON in project development

The WOCCU strategy for involving the government especially involves garnering support for credit union legislation. The WOCCU project has developed very close ties with the Ministry of Finance, and their support has been most encouraging. In fact, the director of the Department of External Financial Relations, Dr. Mayaki, is attending the WOCCU annual meeting in June 1991 as is the Secrétaire d'Etat.

At the present time, there is only one country in Africa - Zambia - which has a law specific to credit unions and an imperfect one at that. There are none in the Franc Zone. The law which WOCCU, ACCOSCA, and GON will jointly draft according to the

international norms and standards adapted to Niger's legal system will be the first truly modern credit union law in Africa!

There are several other activities that are expected to take place in Niger. WOCCU and ACCOSCA are planning to conduct a seminar in September 1991 for key Nigerien officials involved in credit union legislation development. It will be targeted to government officials and credit union project staff concerned with obtaining a law specific to credit unions. The purpose of the seminar will be first to inform officials about the nature of credit unions. It will examine why the legal and regulatory needs of credit unions are different from other organizations and review the laws and regulatory systems of other countries. Project personnel and government staff who will be directly involved in drafting legislation will study the rules and regulations which govern the drafting of laws according to the Nigerien legal system.

- Project links with other agencies, donors

The project has established links with the Department of Literacy and with the regional office of the Ministry of Plan, and both have been fruitful. The department consists of five staff members servicing Zinder, Magaria, and Matameye. They have worked closely with the WOCCU project staff in adapting existing literacy service manuals and methods to local needs. Together they developed the materials described in the section on education and training. The Literacy Department is dependent on projects for the funding of its activities. Plan agents have been extremely helpful in site surveys and the baseline data study as well as in promoting women's participation in credit unions in the Magaria district.

It would be well for the WOCCU project to begin sharing some of its lessons learned with the other credit projects funded under ASDG. The CARE Small Economic Activity Project in Maradi, in particular, would be especially relevant since WOCCU plans to move into that department in the second phase. Other non-AID-funded projects in Niger with a focus on credit should be examined to learning lessons. The project has had frequent contact and collaboration on the ground with CLUSA staff. In general, WOCCU is interested in collaboration with other groups with complementary goals and objectives. This is particularly the case with those working in the promotion of cooperative business (CLUSA) or small enterprise (e.g. CARE) whose members or clients have generated income and who require the services of a financial institution.

There exists an informal network of organizations working in the area os savings and credit in Niger (Réseau de promotion de l'épargne et du crédit). This informal network is coordinated

by the Ministry of Plan and WOCCU is an active participant. Its next meeting is in the Ministry of Plan in July 1991.

- o Budget issues in project management

The Pilot Phase has been characterized by slowness in allocation of funds. The Mission decided to reduce the budget by $150,000 as a result. WOCCU argues that because the project start-up was delayed and because of the necessity to concentrate on installing project infrastructure and personnel during the first half of the project, spending patterns for the first half of the project, if extended out in a straight-line fashion to EOP, do not accurately reflect the cost of the increased activity level planned for the second half of project.

Funding levels are being discussed for Phase II of the project, and range from $5 million to $7.5 million. Given that the annual cost for a resident technical assistant can run as high as $200,000 and that WOCCU plans to propose three technicians for five years for a probable total of $3 million for technical assistance, the latter figure would appear to be insufficient when one considers the probable cost of institutional support. USAID/Niger has assured WOCCU, however, that no firm figure has been adopted and that WOCCU should plan to submit its grant proposal including a budget for the proposed activities based ont eh most accurate estimation of their cost. The WOCCU staff who will prepare the grant proposal will discuss their preliminary budget estimates with USAID/Niger upon their arrival in Niamey.

IV. Recommendations

The pilot phase of the WOCCU project has achieved much, most importantly in establishing a process for promoting credit union development. Because there was no Nigerien affiliate or existing indigenous movement, the project has had to start from scratch. WOCCU admits miscalculating the amount of technical staff and time needed to establish this base. Much of what has been achieved is attributable to Thomas Shaw's energy, dedication, and knowledge of Niger.

Phase II needs to institutionalize the process - firmly root that which has been started. The promotion campaign, training materials and strategies, recruitment process, and village/group selection continue to need evaluation. In some sense, the process is still developing: two of the five existing credit unions are experiencing some problems. When credit begins to be extended it will involve many new issues. The adoption of temporary legislation giving legal recognition to credit unions and credit union organizations is imperative and must be achieved before implementation starts on Phase II of the WOCCU project.

Certainly, establishing a credit union movement in a country such as Niger is a long process. The evaluation team was struck with the complexities and issues still to be resolved. Such a democratic initiative as credit union promotion based on self-governance will need continued and long-term support. With these conclusions, the evaluation team offers the following recommendations:

A. Remainder of the Pilot Project

- Management is a critical issue for the remainder of the project. A more efficient work planning and monitoring system needs to be adopted. WOCCU has suggested adding a medium-term consultant. This consultant should be recruited as soon as possible.

- WOCCU must give priority to recruiting a francophone specialist in credit union legislation as soon as possible, preferably well before the first quarter of 1992.

- USAID Niamey should insist upon the completion of the draft of a modern credit union law by March 1992 as a condition precedent for Phase II of the WOCCU project.

- As WOCCU has acknowledged, there is a critical need for consultant assistance in elaborating a work plan and staff management. This consultant should be recruited as soon as possible.

- Continued evaluation of the literacy/numeracy materials and training strategy of credit union members is necessary in order to assure that required levels of competency are achieved.

- Current project data generation methods need to be assessed in terms of meeting the two project information needs: identification of site selection and measuring impact.

- Given the total costs, length of study, timeliness of data availability, appropriateness of data, the project should consider using rapid rural appraisal techniques in gathering data for site selection.

B. Phase II

- Technical assistance should be provided to the project to establish a monitoring/evaluation system to improve the project management capability as well as reporting procedures for both WOCCU and USAID/Niamey before Phase II.

- The modern comprehensive credit union law that WOCCU and ACCOSCA will help the Government to draft before the end of the project should be promptly studied and adopted.

- The National Promotion Committee must receive training and technical assistance in order to prepare it for its promotion role in developing democratic representation, and providing support services to member unions until a national association is formed.

- The WOCCU project should serve as a key catalyst in the recently-formed informal network of those interested in promoting credit and savings institutions in Niger.

- The choice of a pilot zone far from Niamey was a good one. However, for administrative purposes, WOCCU should continue with plans to move its headquarters to Niamey by the time it begins the second phase of the project.

- WOCCU should "cast its net wider" to include more intensive recruitment in Canada.

- The Phase II project paper needs to include clear, measurable objectives accompanied with a logical framework analysis, a clear implementation plan, and a monitoring/evaluation system to allow for measurement of project impact.

- The Phase II design should pay attention to developing fully functioning credit unions and the institutionalization of a credit union <u>movement</u> (vs. project), rather than increasing the number of new credit unions.

- Promotion and expansion. WOCCU is proposing that two zones of operation be maintained, one in Maradi (which will cover Zinder, Maradi, and Tahoua) and the other in Niamey (which will cover Niamey, Tillabery, and Dosso) which will need to be preceded by thorough site surveys. While geographic expansion is logical both in terms of the institutional goal of developing a national movement and of the economic necessity for a larger movement with even more diverse sizes and sources of income, the team recognizes that it is an ambitious objective. WOCCU's expansion should be implemented in steps or phases, and should take into account the need for start-up time in new regions based on the experience of the Pilot Project.

- The budget for Phase II should include provision for studies that might be identified during project life, such as documentation of traditional forms of savings and "common bond" groups.

- Technical assistance. WOCCU plans to staff the second phase of the project with three technical advisors: a management advisor/chief of party and two credit union development advisors. It is clear that the project will have to have this level of effort if the operations are to be expanded.

- Personnel. WOCCU should develop skill profiles and a recruiting strategy for the personnel who are to work at the headquarters in Niamey.

- The WOCCU budget for the total project cost should be reviewed by USAID and WOCCU together before the project design and proposal preparation begins in July 1991.

- Examine the possibility of using WOCCU measures of performance to answer people-level impact needs: develop and conduct a longitudinal study with a selected number of credit union members and non-members as a control group.

- Technical assistance should be provided to the project to establish a monitoring/evaluation system to improve project management capability as well as reporting procedures for both WOCCU and USAID/Niamey for Phase II.

- The project should systematically explore traditional "common bond" groupings that save and lend together (including tontines) in order to incorporate them into the promotion campaign.

APPENDIX A

PERSONS INTERVIEWED DURING EVALUATION

USAID/Naimey Agricultural Development Office

George Taylor II, ADO Chief
Margaret Brown, ADO, Ag Head
Francois Vezina, ADO/ASDG
Gregg Baker, ADO/AE&P

Government of Niger

Ministry of Finance

Dr. Youssef Mayaki, Director of Financial Relations

Zinder Department

Boube Oumarou, Prefet
Djibrilla Moumouni, Secretaire General d'Adjoint (SGA)
Absatou Hassane, Agent d'Alphabetisation/Zinder
Soumaila Kondo, Agent d'Alphabetisation/Zinder

Magaria

Ibrahim Abdou, Chef du Service d'Arrondissement du Plan (SAP)
Fassouma Mahaman, Agent de SAP
Maikano Mahaman, Chef d'Alphabetisation
Moustapha Yacouba, Agent d'Alphabetisation
Saley Sidibe, Ancien Sous-prefet

Matameye

Maman, SAP Adjoint
Garba, Chef d'Alphabetisation

Project Personnel

Thomas Shaw, Technical Advisor
Ibrahim Mahamane, Field Agent Supervisor
Abdoulkader Chaibou, Field Agent
Moutari Malam Sidi, Field Agent
Ibrahim Issia, Field Agent
Saratou Malam Goni, Field Agent
Boubacar Sina, Field Agent
Abdou Mareini, Field Agent

Credit Union Members

Tadali Caisse Populaire
Tarana Caisse Populaire
Yekouwa Caisse Populaire
Kawari Caisse Populaire
Kwaya Caisse Populaire

CREDIT UNION DEVELOPMENT PROJECT PERSONNEL

May 1991

Name	Post	Salary	Allowances	Total/month
THOMAS SHAW	TECH ADVISOR			
IBRAHIM MAHAMANE	FIELD AGENT SUP	210000	40000	250000
FATOUMA DJIBO	ACCOUNTANT	120000	25000	145000
AICHATOU BARAOU	TYPIST	28674		28674
DIOFFO BOULEL HORE	DRIVER	95365		95365
SADOU OUSMANE	DRIVER	63636		63636
ISSAKA MAHAMADOU	GUARD	34162		34162
MAMANE ABDOU	GUARD	27162		27162
KIMBA SAIDOU	GUARD	30488		30488
ABDOULKADER CHAIBOU	FIELD AGENT	65000		65000
MOUTARI MALAM SIDI	FIELD AGENT	65000		65000
IBRAHIM ISSIA	FIELD AGENT	65000		65000
SARATOU MALAM GONI	FIELD AGENT	65000		65000
BOUBACAR SINA	FIELD AGENT	65000		65000
ABDOU MAREINI	FIELD AGENT	65000		65000
YACOUBA OUMAROU	MESSENGER	33821		33821

APPENDIX B

PROFILES OF CREDIT UNIONS FORMED

Creation of Credit Unions, Zinder Department

Location	Credit union Name	Number of members		Date Created
		Male	Female	
Sassoumbroum	Tadali	228	-	3-18-90
Sassoumbroum	Tarana	-	51	3-18-90
Yekouwa	Galadima	46	11	5-23-90
Kawari	Kullu	76	1	6-10-90
Kwaya	Hakini Dan Hajara	61	-	10-17-90
Total		411	63	

WOCCU Project Villages in Zinder Department

Arrondissement	Village	Population*	Ethnicity	Distance to Nigeria border
Magaria	Sassoumbroum	2,822	Peulh Hausa	5 km
Magaria	*Yekouwa	3,244	Hausa	15 km
Magaria	Kwaya	1,542	Hausa	45 km
Matamaye	Kawari	1,292	Peulh Hausa	45 km

*The figure is for two villages that together make up Yekouwa.

Source: 1988 census figures from arrondissement

CREDIT UNION PROFILES

Sassoumbroum

Sassoumbroum, with a population of a little more than 2,800, is a commercial center within five kilometers of the Nigerian border on a good laterite road. The village resembles northern Nigeria in architecture and flavor. The cross-border trade is evident in goods available, street traffic, and the use of the Nigerian naira as the currency of exchange. There is minimal circulation of FCFA. Naira serves as the money of exchange, but is subject to frequent exchange rate fluctuations. The FCFA does not fluctuate as much and is thus the preferred savings currency although there is less in circulation. There is a free flow of people and information across the Nigerian border. This includes Sassoumbroum daughters who have married and live in Nigeria but maintain ties with their village of origin. One of the principal crops in the area is red onions which find their way to markets in Niamey as well as Abidjan.

Peulh predominate ethnically, although Hausa are well represented within the population. The traditional chief is a central figure in village affairs. His large, two-story residence includes a maze of private corridors leading to the interior residence of his seven cloistered wives. Unlike some cloistered women, they do not even go out at night; they leave the residence only for special occasions.

Sassoumbroum is the site of the first two credit unions formed, and is the only pilot site where women have initiated their own. In all cases, names chosen for the credit unions have historical significance rather than the name of the village itself. In the case of the two credit unions in Sassoumbroum, the women's group, "Tarana", is named after the chief's grandmother; she is thus the grandmother of all members. The women explain that they are more united among themselves with their own credit union, whereas they would be inhibited if men were involved. A female field agent was recruited by the project to work with this women's group. Likewise, the WOCCU project has benefitted from having available a female Ministry of Plan civil servant responsible for women activities in the arrondissement of Magaria.

Membership in the women's cooperative has declined slightly from 51 to 48 women; 11 of the original women members were forced to leave the credit union under pressure from their husbands although others have joined. As seen in Table 3, average savings in the men's credit union, Tadali, seems to fluctuate while the women's savings rate shows a clear increase. Tarana is currently the second highest rate among the five credit unions. Fifteen of the 48 women members of Tarana are cloistered, including the president. They appear to have had little difficulty in participating as active members of the caisse populaire. Two of them completed the full training course. Most meetings are held either in the early morning or at night at the President's house. Only the seven wives of the chief never participate in meetings, even at night. However, they are kept well informed of credit union activities through another member and extensive forms of informal networking.

In April 1991, two leaders of the women's credit union, the project promotion agent, and the Ministry of Plan agent traveled to Senegal to visit CONACAP (Comite national de promotion des caisses populaires) and women's credit unions. This trip has had a major impact on the entire group. Their experiences and observations have been widely disseminated to other women through formal and informal processes. It could be said that the Senegal visit opened their eyes and minds to their potential for organizing as a group. They noted that Senegalese women sometimes walk before, not behind men. They are accustomed to shaking hands with men, which is not the case in Sassoumbroum. The Nigerien women returned determined to change some of these habits and seek economic empowerment. The evaluation team got a clear sense that these women

are proud of their own accomplishment as a "women's credit union" and they are committed to making it succeed as a model in Niger. Their major obstacle to increased savings is the lack of FCFA to exchange for naira. One women commented (in Hausa), "If the caisse were in naira, it would be full now."

Starting with 228 members in March 1990, membership in the the men's cooperative has increased to 242. The men named their group "Tadali", after the chief's grandfather, husband of Tarana. In contrast to the women's credit union in Sassoumbroum, the men's credit union is undergoing some problems. One of the reasons for this has to do with misunderstandings with project staff as to resources available to the group. The members tend to view the credit union as another project providing outside sources of financing. They expected assistance for construction of a credit union office which they say was promised to them. The "banco" (mud) bricks which they made as their contribution to the construction are beginning to deteriorate in the rain. Project staff, on the other hand, maintain that the caisse does not yet qualify for assistance according to the criteria which were well communicated to them. The field agent feels that members have been tainted by previous bad experiences with CNCA and cooperatives and are waiting to see what the project will provide. Certain members of Tadali credit union have become disillusioned as a result of these misunderstandings. The manager and several members hope that the disillusioned members will not stand for re-election or that those who do not leave voluntarily will be voted out. Then, the serious members left will make something of the credit union.

Yekouwa

Predominantly populated by Hausa, Yekouwa actually consists of two villages which together have a population of 3,244. It is a rather prosperous village, unique in having significant direct flows of people and commerce to and from Saudi Arabia via Kano, Nigeria. Many residents of Yekouwa reside in Saudia Arabia and send money and goods back to family members for resale in and around Yekouwa, thus contributing considerably to the village economy. Villagers report that they know of only one other village that is involved in such commercial transfers with Saudia Arabia. Project staff speak about the wealth in Yekouwa and the large number of residents who make the "hadj" to Mecca each year. Again, given the proximity of Yekouwa to the Nigerian border - only 15 kilometers - the naira is the principal currency. Credit union members complain about the lack of FCFA and though they are motivated to save, they cannot exchange their naira for FCFA.

Such a relatively advanced economic level, however, is not indicated in building construction. The village structures are largely constructed of straw, given the unavailability of banco in this sandy region. The field agent noted that the location of the credit union office has been moved three times. Members desire a secure and permanent site for their credit union. With no clay available, bricks or cement will need to be imported.

Reportedly there are few cloistered women in the village of Yekouwa. Even if there were the intention it would be difficult, given the straw housing construction. No women were present at our meeting during mid-day. Reportedly, women were occupied with field work. The technical advisor indicated that during his visits he has never seen women participate.

Formed in May 1990, the Yekouwa credit union chose the name Galadima in honor of a village ancestor. Its membership has steadily increased at an average of one new member per month. None of the original members have left. As of our meeting on May 14, 1991, membership stood at 56 men and 13 women. The members have formed their various committees and are currently in the process of establishing a credit policy. The Galadima group has drafted articles of incorporation in Hausa that are now under review. The group has

also opened an account at the Magaria caisse d'epargne at the post office. It has the highest rate of savings of the five credit unions and is thus the closest to being ready to disperse credit. Slightly more than half of the savings comes from a "personne morale" deposit. This represents receipts from a Danish installed solar water pump in the village. Members are anxious to begin issuing credit.

Kawari

Unlike the other villages, access to Kawari is by sand track. However, its close proximity - three kilomters - to the town of Matameye keeps it from being isolated. Populated largely by Peulh, the Kawari is made up of numerous dispersed settlements. As in other villages, the major sources of income from agriculture are rain-fed crops (cowpeas, millet, sorghum), livestock, and some dry season gardening. The chief is educated in French, articulate, and seems to be a respected leader. Reportedly, however, only the chief's wives are cloistered. He is an enthusiastic supporter of the credit union. Evidence of his support is seen in the fact that he suceeded in interesting and involving people from the surrounding villages through personal visits and by using social events such as weddings to conduct the promotion campaign. The Chairman of the Board of Directors is from one of these outlying villages.

The people of Kawari chose the name of Kullu for their credit union, formed in June 1990. Of the five credit, membership in the Kullu union has increased the most, from 77 to 112 members, a increase of about three persons per month. Members apparently call meetings themselves without insistence from the field agent, and attendence is high even though some members live as far away as 10 kms. At the May bi-monthly project meeting, the promotion agent reported that Kullu credit union had doubled its savings in one month. Of the 110 members, only two are women; reportedly these two have encouraged two others to join. However, the men responded that women have few economic avenues so have difficulty saving. The village is far from the Nigerian border (45 km) and there is little commerce. Some sort of a women's organization exists since we were told that the women's AFN association was in in charge of an ACDI funded mill - revenues after expenses are deposited into a postal account.

This is the only credit union where all 16 of the elected officials have received training. During the meeting with the evaluation team, members referred to the training as having served to increase membership. They now believe that their elected officials understand their responsibilities and will be able to resolve problems. One member was taking notes in Hausa during our visit, indicating his success in literacy training. Some members spoke about having received various project-related visitors that have lent credibility to the credit union movement and served to stimulate interest. They spoke about wanting further training and the opportunity to visit other credit unions elsewhere. There is a great deal of enthusiasm within the Kullu group and a significant number of people who are quite articulate in expressing their understanding of the credit union and its benefits. They say they want Kullu credit union to be the best in Niger!

Kwaya

One of the largest markets in the Magaria arrondissement is located in Kwaya, regularly drawing as many as 3,500 people on market days. Located along a good laterite road 45 kilometers from the Nigerian border, the village center of Kwaya (population about 380) is largely Hausa. Kwaya has a very active agricultural economy, a major cowpea area, and a number of alternatives

to rain-fed field crops. There is an extensive bas-fond which is used for growing sugar cane and various vegetables and fruits, as well as extensive animal-raising and trade in the area. In addition to the Kwaya administrative center, there are some 17 surrounding villages where Peulh have settled close to their fields and to have space for their livestock. Thus, the credit union actually pulls membership from these various villages, the furthest at a distance of 10 kilometers. The total population for credit union purposes is estimated at 1,542.

The Hakini Dan Kajara credit union was the most recently established, in October 1990. Of the five credit unions, it took the longest time to constitute, perhaps because it was formed during the growing season at a time when savings are difficult. It also has the slowest rate of savings. However, unlike other villages, the naira is not an issue here since the FCFA is readily available. This is the only village of the four where women are not represented in any credit union activities. At the time of the evaluation team's visit credit union leaders had not received any training, which might explain some of the delays in operations. They were scheduled for training within the month. About half of the members attended the meeting with the team, the absence of others being explained by the fact that recent rains obliged people to be in the fields planting.

Credit Union Membership and Savings Pattern (in FCFA)

	At Constitution		January 1991		April 1991		
	Men	Women	Men	Women	Men	Women	P.M.*
Sassoumbroum							
Tadali - Created 3/90							
Membership	228		243		242	-	1
Average savings		524		1,890		952	
Total savings	130,000		459,225		230,465		209,430
Tarana - Created 3/90							
Membership	-	51	-	43	-	48	
Average savings		500		2,066		3,473	
Total savings	25,500		88,835		166,720		
Yekouwa							
Galadima - Created 5/90							
Membership	46	11	54	12	54	12	1
Average savings		500		**6,021		4,442	
Total savings	28,500		397,380		293,225		347,500
Kara							
Kullu - Created 6/90							
Membership	76	1	98	2	110	2	
Average savings		500		***2,091		1,987	
Total savings	38,500		209,120		222,650		
Kawari							
Hakini Dan Hajara - Created 10/90							
Membership	61	-	62	-	62	-	
Average savings		500		760		869	
Total savings	30,500		48,150		53,925		

* P.M. = Personne Morale which signifies a corporation or entity created for business purposes. Otherwise, savings are defined as "person physique" or the individual

**The 6,021 figure was calculated including the personne morale deposit whereas the 4,442 was not. The latter is the appropriate figure.

***Kullu membership increased sharply during this period, reflecting a slight decline in average savings.

APPENDIX C

CREDIT UNION MEMBER TRAINING

SAMPLE 1990-91 TRAINING RESULTS: GALADIMA CREDIT UNION

(Promotion Agent Moutari Sidi)

Table 1. List of Participants and Level Attained During the Motivation Phase of Training

Noms et Prénoms	Postes	Ages	Niveau initial	
			Lect/Ecr.	Calcul
Salissou Souley	Président CA	36 ans	5 - 6	5 - 6
Amadou Zakari	Vice Prés. CA	56 ans	débutant	débutant
Issa Lassan	Tres. Gen. CA	52 ans	1 - 2	1 - 2
Sani Mahamane	Tres. Adj. CA	51 ans	débutant	débutant
Galadima Yaou	Cons. No.1 CA	61 ans	débutant	débutant
Maman Sarkin Gabas	Cons. No.2 CA	70 ans	débutant	débutant
Ibrah Yaoré	Secrét. CCS	21 ans	3 - 4	3 - 4
Issoufou Oumarou	Prés. CCS	55 ans	3 - 4	3 - 4
Oumarou Abdou	Vice Prés. CCC	43 ans	débutant	débutant
Oumarou Adamou	Prés. C.P	78 ans	débutant	débutant
Mamane Maikago	Vice Prés. C.P	68 ans	débutant	débutant

Table 2. Level of Literacy Attained in Second Phase of Training

Noms et Prénoms	Postes	Ages	Niveau initial		Niveau tst. intd.		Niveau tst. final	
			L/E	Cal	L/E	Cal	L/E	Cal
Salissou Souley	Président CA	36 ans	5	6			5	6
Amadou Zakari	Vice Prés. CA	56 ans	dbt	dbt			1	2
Issa Lassan	Tres. Gen. CA	52 ans	1	2			3	3
Sani Mahamane	Tres. Adj. CA	51 ans	dbt	dbt			3	3
Galadema Yaou	Cons. No.1 CA	61 ans	dbt	dbt			1	2
Maman Sarkin Gabas	Cons. No.2 CA	70 ans	dbt	dbt			1	1
Hailou Ibrah*	VP CS	53 ans	dbt	dbt			dbt	dbt
Ibrah Yarou	Sec. CS	55 ans	dbt	dbt			5	6
Issoufou Oumarou	Prés. CC	55 ans	3	4			5	4
Oumarou Abdou	Vice Prés. CC	43 ans	dbt	dbt			1	2
Oumarou Adamou	Prés. CE	78 ans	dbt	dbt			1	2
Mamane Maikago	Vice Prés. CE	68 ans	dbt	dbt			2	2
Minaou Ibrah*	Sec. CE	50 ans	dbt	dbt			dbt	dbt

** Women not presented at motivation session.

Table 3. Levels of Numeracy Attained in Second Phase

Niveau	Test Initial		Test Final	
	Lec/Ecr.	Calcul	Lec./Ecr.	Calcul
Débutants	2	2	-	-
Niveau 1 - 2	5	5	7	6
Niveau 3 - 4	2	3	2	5
Niveau 5 - 6	4	3	4	2

Table 4. Levels Attained in Management Phase of Training

Noms et Prénoms	Postes		Ages	1	2	3	4	5	6	7	8
Salissou Souley	Président	CA	36 ans	-	-	-	-	-	-	-	-
Ibrah Yaou	Sec.	CS	21 ans	-	-	-	-	-	-	-	-
Issoufou Oumarou	Prés.	CC	55 ans	-	-	-	-	-	-	-	
Sani Mahamane	Tres. Adj.	CA	51 ans	-	-	-	-	-	-	-	-
Issa Lassan	Tresorier		52 ans	-	-	-	-	-	-	-	-

Table 5. Number Trained by Gender

Credit Union	Type of Training					
	Motivation: Roles and Responsibilities for Board of Directors		Literacy for Committee Members		Functional Literacy	
	Men	Women	Men	Women	Men	Women
Tadali	7	0	13	0		
Tarana	0	7	0	11		4
Galadima	7	0	14	2		
Kullu	7	0	16	0		
Hakini Dan Hajara	7	0	0	0		
Total	28	7	43	13		

APPENDIX D
PROJECT STAFF TRAINING

Training and Correspondence Courses in Niger

Course	Length	Date	Participants	Given by	Location
CU development "preselection" course in Togo	5 wk	8-89	5 candidates	FUCEC	Togo
CU promotion/Hausa literacy	2 wk	10-89	3 agents	Shaw, Literacy consultant;chief	Zinder
Adult communication & CU promotion	5 wk	4-90	3 agents	Devine	Zinder
Correspondence accounting course	on-going		2 agents	Educatel	Paris
Credit management training		7-90	Agent supervisor 3 agents	CNPN & Nathan Associates	Niamey
CU development; accounting	4 wk	10-90	6 agents Agent supervisor Accountant	FUCEC-Togo	Zinder
Literacy training program development	2 1/2 wk	11-90	6 agents Agent supervisor Accountant 4 literacy agents 1 Plan agent	Devine, Shaw Literacy consultant	Zinder
Survey training	5 day	3-91	4 survey takers	Lamine/MOP Ibrahim/CPEC	Zinder
Literacy material development	11 day 10 day	4-91 5-91	6 agents Agent supervisor 4 literacy agents	in-house	Matameye Mirria
Word Perfect	10 day		Secretary	Infotronic	Niamey

APPENDIX E

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S RELATIONS FINANCIERES

LE SECRETAIRE D'ETAT AUX FINANCES

DGRMF/DRF.

onsieur le Ministre de la
Communication

NIAMEY

Objet : Ouverture des comptes de dépôt par les caisses populaires d'épargne et de crédit auprès des agences de la Caisse Nationales d'Epargne.

En réponse à la demande formulée par le projet de promotion des caisses populaires d'épargne et de crédit d'ouvrir des comptes de dépôt au nom des caisses populaires dans les agences de la Caisse Nationale d'Epargne du département de Zinder, je vous informe qu'une législation adaptée dans ce sens est en cours de rédaction. Celle-ci confère à une caisse populaire la qualité de personne morale et le pouvoir de disposer d'un compte de dépôt pour la garde de ses fonds.

En attendant la signature de cette législation et compte tenu de l'importance des fonds déjà mobilisés par les premières caisses populaires, je vous prie de prendre les dispositions nécessaires pour leur faciliter l'ouverture des comptes de dépôt auprès des agences de la Caisse Nationale d'Epargne.

IBRAHIM KOUSSOU